

1 • All other jurisdictions measure the percentage of service orders actually
2 completed, rather than offered, within either 3 or 5 days.

3 • SNET's actual performance measured on the same basis as the panel companies is
4 comparable to the panel companies' actual performance.

5 A graphical comparison of SNET's proposed Installation Interval standard with the panel
6 companies' actual performance is presented in Schedule 10 of my testimony.

7 The LCUG proposed installation interval measures that were defined differently from
8 SNET. For POTS, they proposed two measures -- < 3 days for dispatched orders and < 1
9 day for nondispatched orders. Though somewhat different, the LCUG standards would
10 seem to be more stringent than the actual performance being achieved by the panel
11 companies.

12 Q. **WOULD YOU DESCRIBE THE COMPARISON OF REPORTS PER 100 LINES**
13 **(RPHL)?**

14 A. SNET's proposed standard for Trouble Reports per 100 Lines (RPHL) is much more
15 stringent than the actual performance reported by the panel companies.

16 • SNET's standard is 1.90 RPHL.

17 • The panel companies reported actual performance ranging from 30 RPHL
18 (Rochester Telephone Corporation) to 4 RPHL (Sprint).

19 • The median actual performance among the panel companies was just over
20 10 RPHL.

21 • Rochester Telephone Corporation reported 129,836 initial out of service
22 trouble reports for 432,000 total access lines for an RPHL of 30.05.

1 • Only 4 panel companies reported an RPHL ratio of less than 10.

2 A graphical comparison of SNET's proposed RPHL standard and the other jurisdictions'
3 standards is presented in Schedule 11 of my testimony.

4 The standard proposed by the LCUG was 1.5 RPHL. This standard is much more
5 stringent than the actual performance any of the panel companies achieved.

6 Q. **WOULD YOU DESCRIBE THE COMPARISON OF OUT OF SERVICE REPAIR**
7 **INTERVAL?**

8 A. SNET's MTTR standard is comparable to the median actual performance reported by the
9 typical panel companies at 21 hours.

10 • Nine panel companies reported actual average repair time exceeding SNET's 21
11 hour standard.

12 • Eight panel companies reported actual average repair time below SNET's 21 hour
13 standard.

14 A graphical comparison of SNET's proposed Repair Interval standard and the other
15 jurisdictions' standards is presented in Schedule 12 of my testimony.

16 The LCUG proposed repair interval measures that were defined differently from SNET. For
17 POTS, they proposed three measures -- 99% ≤ 16 hours, 95% ≤ 8 hours, and 90% ≤ 4 hours.

18 Though somewhat different, it is evident that the LCUG standards are much more stringent than
19 the actual performance being achieved by the panel companies.

1 Q. PLEASE SUMMARIZE YOUR TESTIMONY?

2 A. SNET's proposed nineteen measurements reflect an appropriate number of measures and
3 are all at performance levels above other telephone companies. Performance at the levels
4 proposed by SNET will provide CLECs excellent service and are reasonable.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes. It does.

A handwritten signature in dark ink, appearing to read "Steve Allen", is written over a horizontal line.

Steve Allen
Partner
Allen & Company

MEASURES AND STANDARDS PROPOSED BY SNET

<u>Measure</u>	<u>Standard</u>
I. <u>Provisioning</u>	
1. Provisioning Center Calls Answered	89% \leq 20 seconds
2. Average Service Order Installation Offered	POTS \leq 5 days Digital \leq 10 days Analog \leq 13 days
3. Installation Appointments Met	POTS 99.30% Digital \leq 90.00% Analog \leq 90.00%
4. Assigned Orders to Repair (AOR)	3% within 72 hours
5. Completed Dispatch Service Orders Notification	98% \leq 2 hours
6. Portability Within Commitment Window	98%
II. <u>Maintenance</u>	
1. Maintenance Center Calls Answered	90.4% \leq 20 seconds
2. Trouble Reports With Notification of Repair	99% within 24 hours
3. Maintenance Appointments Met	POTS 94.0% Met Digital 70.0% \leq 3.5 hours
4. Network Repairs per 100 Lines	\leq 1.90
5. Network Origin of Repeats	7% within 7 days
6. Mean Time to Repair	POTS 21 hours Digital 5.5 hours Analog 5.5 hours
7. Switch Outage Minutes per Access Line	1.3 minutes
III. <u>End User Usage</u>	
1. End User Billing Data Distributed	98% \leq 3 business days
2. End User Billing Data Distributed	100% \leq 5 business days
3. Usage Polling System Availability	98%
IV. <u>Mechanized Services Access Platform</u>	
1. Average Service Request Acknowledgment	98% \leq 5 seconds
2. Availability of Mechanized Interface	\geq 98.9%
3. Firm Order Confirmation (FOR)	90% \leq 24 hours

Written Ex Parte of The Southern New England Telephone Company

RM-9101

October 31, 1997

Attachment 4:

"Brief of The Southern New England Telephone Company."

October 24, 1997



Southern New England Telephone
227 Church Street
New Haven, Connecticut 06510
Phone (203) 771-3802
Fax (203) 498-7321

Kathleen A. Carrigan
Senior Counsel

October 24, 1997

Robert J. Murphy, Executive Secretary
Department of Public Utility Control
Ten Franklin Square
New Britain, Connecticut 06051

Re: Docket No. 97-04-23
Application of The Southern New England Telephone Company's Proposed
Service Standards and Financial Remedies for Resold Services and Unbundled
Elements

Dear Mr. Murphy:

The Southern New England Telephone Company ("the Telco") herein files an original and fourteen (14) copies of its BRIEF in the above-referenced docket.

Service has been made pursuant to §16-1-15 of the Regulations of Connecticut State Agencies.

Should there be any questions concerning this submission, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Kathleen A. Carrigan", written in a cursive style.

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL

**APPLICATION OF THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY'S
PROPOSED SERVICE STANDARDS AND
FINANCIAL REMEDIES FOR RESOLD
SERVICES AND UNBUNDLED ELEMENTS** : **DOCKET NO. 97-04-23**
:
:
:
:
: **OCTOBER 24, 1997**

BRIEF

OF

THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY

Its Attorneys:

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INTRODUCTION

With passage of the Federal Telecommunication Act in February of 1996, ("Act")¹ Congress embarked upon a new era in telecommunications competition -- opening incumbent local exchange carriers' ("ILEC") networks to wide scale competition. In addition to actually opening the ILECs' networks, the Act established certain requirements as to how and in what manner that access should be provided. Specially, the Act provided that access to resale services, unbundled network elements and interconnection be "non-discriminatory," and placed an ILEC under the requirement to provide service that is at least equal in quality to that which it provides itself. 47 U.S.C. §251(c)(2)(c). On August 8, 1996, the Federal Communications Commission issued its First Report and Order,² setting out the rules required to implement the Act. The First Report and Order placed ILECs under the obligation to offer competitive carriers services in "substantially the same manner" as the ILEC provides service to itself.

Within this framework and in support of the competitive environment envisioned by the Act, on April 15, 1997, The Southern New England Telephone Company ("Telco" or "the Company") submitted its proposal for service performance and comparability measures and financial remedies. The Telco's goal as a wholesale provider is to be the pre-eminent supplier of network services in the State of Connecticut and the "provider" of services to all wholesale customers on a nondiscriminatory basis, at reasonable and

¹ Pub. L. No. 104-104, 110 Stat. 56 (1996 Act) codified at 47 U.S.C. §151 et. seq.

² CC Docket No. 96-98, Implementation of the Local Competition Provisions in the Telecommunications Act, August 8, 1996.

competitive prices and at the highest level of quality. See Transcript ("Tr.") at 12. "Even to the extent where CLECs have their own facilities, the fact of the matter is we view them in the future as potential customers." Tr. at 218.³ The measures reflect a targeted level of excellence rather than a threshold for acceptable service. Telco Prefiled Testimony of Fred T. Page and Michael L. Bencivengo ("Telco PFT") at 1. The Company's proposal responded directly to: (1) requests from carriers during several of the negotiations between the Telco and carriers requesting interconnection and/or access to unbundled network elements under the Act; and (2) requests from carriers during the proceedings in Docket No. 96-09-22.⁴

The Telco's proposal defined 19 service measurements; 13 that report both performance and comparability and 6 that measure only performance. As discussed below, on September 23, 1997, the Telco proposed an additional service measure for Actual Service Interval Achieved, for both performance and comparability, to be broken down by dispatch, non-dispatch and vertical features. The Telco proposes that the results for the service measures be reported on a monthly basis. A total of 14 measures would compare the Telco's performance with that of the Certified Local Exchange Carriers ("CLEC"). Specifically, where data could be segregated, the Telco proposes to identify performance results for each CLEC, all CLECs, the Telco's retail unit, and on Telco total

³ This is further evidenced by the Telco's ISO 9002 certification for complex services. ISO 9002 is an internationally recognized quality system, the results of which are audited by outside accounting firms. Tr. at 218-219. The Telco is one of only three ILECs to have received ISO 9002 certification. Tr. at 14.

⁴ DPUC Investigation into The Southern New England Telephone Company Unbundled Loops, Ports and Associated Interconnection Arrangements and Universal Service Found in Light of The Telecommunications Act of 1996, Decision, Apr. 23, 1997.

performance for all its wholesale customers (CLECs and SNET retail).⁵ Where data could not be segregated it would be reported on a total company level.

Prefiled testimony was filed by AT&T Communications of New England, Inc., ("AT&T"), Cox Communications Corporation and TCG (collectively as "COX"), and MCI Telecommunications Corporation ("MCI"). The Telco filed rebuttal testimony on August 11, 1997, and expert testimony from Steve Allen on August 15, 1997. Hearings were held on September 23 and 24, 1997, and a late-filed hearing on October 7, 1997.

As discussed below, the Telco's proposal encompasses a detailed set of service measurements which will provide the Department the information it will need to ensure that the Telco is providing high quality nondiscriminatory service. The inclusion of financial remedies also ensures that the Telco effectuates proper corrective action. The proposed service measures are reasonable and should be adopted by the Department for the purposes of ensuring high quality nondiscriminatory service.

I. THE TELCO'S PROPOSED MEASURES ARE REASONABLE

The Telco's proposed service measures demonstrate both performance and comparability. They ensure that quality service is provided to a CLEC and that the levels of service provided to CLECs by the Telco are nondiscriminatory. Prefiled Testimony of Steve Allen at 4-5 ("Allen PFT"); Tr. at 30. The measurements are categorized as: (i)

⁵ Subsequent to the Telco's April 15, 1997 filing, the Department approved the Telco's proposed restructure; creating separate retail and wholesale affiliates - moving the Company's retail operations to SNET America Inc. ("SAI") Docket No. 94-10-03, DPUC Investigation of The Southern New England Telephone Company Affiliate Matters Associated With the Implementation of Public Act 94-83, Decision, June 25, 1997. As a result of the approval of the restructuring, the Telco would become a true wholesale services only provider, with SAI being treated like any other CLEC. Tr. at 76.

Provisioning;⁶ (ii) Maintenance;⁷ (iii) End-User Usage Billing Data,⁸ and (iv)

Mechanized Services Access Platform ("MSAP").⁹ Telco PFT at 3.

This section will address: (1) the reasonableness of the Telco's proposed measurements as compared to those proposed by the Local Competition Users Group ("LCUG"); (2) how the comparability measures are in compliance with the Act; and (3) the rationale for and the reasonableness of the Telco's proposed financial remedies.

A. The Telco's Proposal Is Based On Department Precedent And The Practicalities Of the Competitive Market

The Company's proposed measures are the result of the Telco's thorough review of requests received from CLECs during interconnection negotiations and during the hearings in Docket No. 96-09-22. Telco PFT at 4. This review encompassed 116 measures, (see Tr. at 15), which the Telco categorized to determine if the Telco had measurements in place or if additional data would be necessary. The Telco's proposed

⁶ Percent of Provisioning Calls Answered within 20 seconds; Average Service Order Interval Offered; Actual Service Order Interval Achieved (as proposed at the September 23, 1997 hearing; Late File Exhibit No. 2); Percent of Installation Appointments Met; Percent of Assigned Orders to Repair within 72 Hours; Percent of Completed Dispatched Service Order Notification within 2 Hours; and Percent of Number Portability within the Commitment Window.

⁷ Percent of Maintenance Center Calls Answered within 20 seconds; Percent of Trouble Reports within Notification of Repair within 24 Hours Close; Percent of Maintenance Appointments Met; Network Reports Per Hundred Lines (RPHL); Percent Repeat Trouble Reports in 30 days; Switch Outage Minutes Per Access Line; and Mean Time To Repair (MTTR).

⁸ Percent of Billing Data Distributed in 3 Days; Percent of Billing Data Distributed in 5 Days; and Percent of Usage Polling System Availability.

⁹ Percent of Average Service Requests Acknowledged within 5 Seconds; Percent of Availability of Mechanized Interface; and Percent of Firm Order Confirmation within 24 Hours.

service measures represent 80% of the categories of measurements requested by the carriers. Telco PFT at 4.

The Telco determined the targets encompassed by the measures based on several inputs including: the standards for retail services as set by the Department in the Decision in Docket No. 95-03-01;¹⁰ the intervals established for such services, as described in the CLEC Guide; Company experience; and Company objectives. Telco PFT at 5. The measures set out in Docket No. 95-03-01 measure key elements of service quality at the end user level. Tr. at 15. Except for proposed changes to the measures for Mean Time To Repair ("MTTR") and Installation Appointments Met, the Company's proposed measurements generally are consistent with those set out in Docket No. 95-03-01. The measures established for these two standards were 18 hours for MTTR and 99.4 % for Installation Appointments Met. As discussed further below, due to the difficulties the Company has had meeting these standards in the past, and after reviewing these targets against those set in other jurisdictions, the Company determined that the targets were unrealistically stringent. The Company proposed that the measures be changed to 21 hours for MTTR and 99.0 % for Installation Appointments Met. Based on the Decision in this Docket, the Company intends to petition to reopen Docket No. 95-03-01 to make the measures for MTTR and Installation Appointments Met consistent. Tr. at 256.

The Telco's proposed measures add standards, over and above those approved in Docket No. 95-03-01, in order to reflect service levels or processes delivered to wholesale

¹⁰ Application of The Southern New England Telephone Company for Financial Review and Proposed Framework for Alternative Regulation, Decision, March 13, 1996.

customers. *Id.* The Company's proposed measures also take into account the fact that there are several service-related factors that will affect performance that are, however, beyond the control of the Telco. For example, the accuracy of the service order data. For this reason, Telco's performance begins when the Telco receives an accurate and complete service order from the CLECs. Telco PFT at 8. In addition, the volume of orders received are another area that will affect performance, but is beyond the control of the Telco. Receipt of accurate forecasts is crucial to the Telco satisfying its performance standards.¹¹ "Without forecasts it will be difficult, if not impossible, to achieve any set of service standards. To date our experience has been way under the forecast. That has resulted in SNET having the added cost of too many people on our staff in order to handle orders. . . . going forward it is absolutely essential that we receive best effort forecasts from all CLECs on a frequent or as-conditions-change basis." Tr. at 25. Telco PFT at 8.

Importantly, the standards are not intended to gauge technical network specifications. Rather, technical network specifications are oriented toward ensuring network compatibility within the Telco's network and between the carriers who chose to interconnect their networks to the Telco. Decisions on network specifications are part of managing a quality network and should remain the responsibility of the Telco management. Tr. at 20.

¹¹ The Company recognizes that in this new competitive environment pinpoint accuracy is not possible. The Telco, however, does expect to receive reasonable projections of demand which might result from a campaign or a special promotion. Telco PFT at 8.

The Telco's proposed measures include certain financial remedies should the Telco fail to meet the performance and comparability targets. The primary intent of the remedy proposal is twofold: (1) to trigger corrective action if there is a general problem affecting all CLECs; and (2) to assure that no one CLEC is receiving a lesser grade of service than another. Tr. at 22. Performance remedies apply for the following measures: Reports Per Hundred Lines ("RPHL"); Switch Outage; Maintenance Appointments Met; Installation Appointments Met; and MTTR.¹² Comparability remedies apply for: Maintenance Appointments Met; Installation Appointments Met and Mean Time To Repair. Telco PFT 8-9. Based on the intent of the proposal, the remedies are not designed to be punitive or inflict serious financial harm, Tr. at 22.

The remedies are calculated similar to the methodology adopted by the Department in the Decision in Docket No. 95-03-01. Each measure is assigned a fixed percentage. The performance percentages are derived from Docket No. 95-03-01. Additionally, Telco's proposal includes enhanced performance standards and decreasing weights for years 1999 and 2000. For example, the standard for Trouble Reports Per Hundred Lines becomes more stringent from 1998 to 2000, moving from 1.9 in 1998 to 1.7 in the year 2000. Telco PFT at 11. Under the Company's proposal, the performance measures for each CLEC will be tracked for three consecutive months. If at the end of the three month period it is determined that the Telco missed a service standard for each month of the three month period, the assigned percentage will be multiplied by the

¹² The five performance measures relate to those measures where service quality is apparent to the end user and are derived from the Decision in Docket No. 95-03-01, Telco PFT at 10.

CLEC's basic monthly recurring revenue,¹³ for the current month and retroactively in the previous two months. Telco PFT at 10-11. In the event the Telco missed a service standard for a fourth consecutive month, then the Telco would apply the associated remedy toward the CLEC's monthly recurring revenue for that month. Tr. at 499-500. The recurring charges are more reflective of the value of the services purchased by the CLEC.¹⁴ Telco PFT at 13; Tr. at 226. Remedies will apply only for those CLECs for which the Telco failed to meet performance standards during the impacted period.

Remedies for the comparability measures will be tracked on a quarterly basis and will be calculated using the average of the measure compared to the service level provided Telco. A new tracking period would begin with each new quarter. If the difference between Telco's performance for its retail unit and Telco's performance for the CLEC exceeds one standard deviation, the penalty would apply. Telco PFT at 12. Similar to performance standards, only those CLECs whose comparability results exceed one standard deviation will be eligible for a remedy.

Understanding that each CLEC will have the Telco provision and maintain a different mix of unbundled elements and resale services, in assessing its performance, Telco will compare similar mix and volume of service orders. Telco PFT at 15. All non-designed and non-engineered services -- Plain Old Telephone Service ("POTS") -- will be grouped together and all special services, which are engineered, designed or require

¹³ Basic Monthly Recurring revenues are for noncompetitive services and do not include usage sensitive components. Telco PFT at 13 n. 9. Basing the remedies on recurring charges also conforms to the Decision in Docket No. 95-03-01.

¹⁴ Under the Company's proposal, all carriers are treated equally, with each CLEC treated individually without any emphasis placed on their size or activity volumes. Tr. at 46-47.

special conditioning of facilities, will be grouped by Digital Special Services and Analog Special Services.¹⁵ Id.

The Company will begin tracking all measures on December 1, 1997. Tracking for the purposes of financial remedies will not begin until March 1, 1998.¹⁶ During the local exchange balloting process, the Telco has proposed that the performance remedies be suspended. Activity levels are expected to be at extraordinary levels during the ballot period. No party can guarantee its performance during this uncertain time. Telco Supp. Test. at 7. During this period, all data will continue to be collected and reported to the CLECs, but remedies will be calculated only on the comparability measures: Maintenance Appointments Met; Installation Appointment Met; and MTTR. Id.; Tr. at 51-52; 202.

In addition, financial remedies would not apply to performance measurements for the period during any long term crisis or extraordinary circumstance, e.g., prolonged weather disturbances, hurricanes, tornadoes, earthquakes, storms, wars, work stoppages, etc. Telco PFT at 19.

¹⁵ In its Prefiled Testimony, the Telco presented an example of how this compositing will work: if a CLEC submits 2011 service orders consisting of 2000 POTS type order, 1 Digital Special Service and 10 Analog Special Services, Telco will compare its performance on the provisioning and maintenance of 2000 POTS services, 1 Digital Special Service and 10 Analog Special Services. Telco PFT at 15.

¹⁶ The Company anticipates that as the parties gain experience and refine expectations the service targets may need to be revised to incorporate actual data collected during the first quarter, 1998.

B. The Telco's Performance Measures Will Ensure Telco Provides High Quality Wholesale Service to all CLECs

The Telco's proposed measures are reasonable. Indeed, in many instances, the Telco's proposed service measurements are more stringent than those reported by comparable jurisdictions or telephone operating companies. For example, in the case of Trouble Reports Per Hundred Lines, the typical regulatory panel standard is 4.00; the Telco proposed a standard of 1.90. Tr. at 31. For Maintenance Appointments Met the typical panel standard is 90 percent; the Telco proposes a standard of 94.0 percent. *Id.* at 32. In addition, for Installation Appointments Met and Repair Answer Time, the typical panel standards are 95.0 and 90 percent in 20 seconds, respectively; the Telco is proposing 99.0 percent and 90.4 percent in 20 seconds, respectively. *Id.*

As stated earlier, the Company proposed to change the standards for MTTR and Installation Appointments Met from the standards adopted in the Decision in Docket No. 95-03-01. The Company proposed to change MTTR for four specific reasons: (1) the introduction of another party, the CLEC, into the repair process; (2) the additional coordination time involved in a repair when the Telco no longer maintains end to end responsibility for the end user's entire service; (3) the current deployment schedule of the Hybrid Fiber/Coax ("HFC") network; and (4) the fact that resources are not unlimited and must be utilized effectively and efficiently. Telco PFT at 22-23.

The change to Installation Appointments Met was based upon three factors: (1) the current standard is set higher than in any other jurisdiction; (2) the standard is very hard to obtain and encourages the wrong behavior; and (3) the proposed change conforms

to a request from one of the CLECs. Tr. at 19-20. Even with these changes, the measures remain very high in light of other jurisdictions.

In contrast, many of the measures proposed by the parties are unrealistic in comparison to measures adopted by other jurisdictions. As Mr. Allen testified, it appears as if the parties simply took the Telco's proposed service measures and adopted a more stringent level to the point of being outrageously excessive. For example, for Trouble Reports Per Hundred Lines, whereas the typical regulatory panel standard is 4.00 and SNET is proposing 1.90, the LCUG proposal is 1.50. Tr. at 34. This is also true for installation intervals for DSO loops. The typical installation interval is 90% within 5 days; LCUG proposes 99% within 24 hours. *Id.* at 33. Tr. at 32.

The reality is that no other jurisdiction has proposed service measures as stringent as the Telco put forth in this Docket. In fact, no jurisdiction has adopted the LCUG proposals. As Mr. Allen testified, after a review of proposed service quality standards from 12 regulatory agencies and National Association of Regulatory Utility Commissions ("NARUC") as well as essentially every major telephone operating company in the U.S., "SNET's proposed standards were more difficult to achieve compared to both the state regulatory agency panel and the telephone operating company panel." Tr. at 31. In fact, AT&T's witness agreed that no one in the country currently today has in effect the amount of service quality or the types of service quality standards (the number of service quality measurements as well as the comparability measurements and the proposed

remedies) that Telco has offered in this Docket for every single CLEC in the state.¹⁷ Tr. at 350-51. The Company's service measurements are reasonable and will provide the necessary data to report on nondiscriminatory service.

C. Telco's Comparability Measures Are Consistent With the Act

Section 251(c)(2)(c) of the Act requires ILECs to provide service that is at least equal in quality to that which it provides itself and nondiscriminating access to their OSS functions. Comparability measures will ensure that the Telco is providing nondiscriminatory quality service to all CLECs. As Mr. Allen testified, the comparability issue is more important than the quality issue. Tr. at 35.¹⁸

The Telco has proposed 14 measurements for comparability; three of which will have associated remedies. This includes the proposed additional measure for Actual Service Order Interval Achieved which also will monitor comparable service on actual CLEC order intervals and, interestingly, complies with the FCC's directive to Ameritech in its §271 application to provide data measuring installation intervals for Ameritech's retail operations and competing carriers so that the FCC could determine if Ameritech is providing nondiscriminatory access to OSS functions for the ordering and provisioning of resale services. See CC Docket No. 97-137, Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-

¹⁷ Ironically, while AT&T is proposing different categories of measures it requested the Department to adopt the "current level of service SNET provides its end users" as the basis for performance standards. Tr. at 339. This is exactly what the Telco's proposed service measurements intend to do.

¹⁸ Ironically, the sole party emphasizing little, if any, importance on comparability measures was Cox. Tr. at 381.

Region. InterLATA Services in Michigan. (August 19, 1997), at ¶171. Indeed, all of the Telco's service quality measurements will provide detail as to the level of service quality the Telco provides itself with the service the Telco provides CLECs; with six measures producing disaggregated data reports.¹⁹ "SNET has proposed a comprehensive set of standards which will provide an effective means of assessing whether CLECs are receiving comparable service." Tr. at 36.

In contrast, the comparability measures proposed by the CLECs are extreme and unworkable. For example, the LCUG measures currently before the Department as proffered by MCI include measures on pre-ordering. Specifically, MCI requests the Telco to measure the interval from when MCI issues a pre-order request to the time MCI receives the Telco responds.²⁰ Tr. at 417. MCI continues to request this measure despite the fact that: the CLEC, being the initiator of the pre-order transmission, controls the transmission path (see Tr. at 291); there may be multiple transactions involved in the pre-order request (id. at 302); or that orders may be rejected because of service representatives input errors (id. at 438-39). Indeed, MCI conceded that there may be a practical problem in the Telco being able to measure when the pre-order request *left* and *was received by* the CLEC. Tr. at 427.

¹⁹ Percent Provisioning Center Calls Answered Within 20 Seconds; Percent Maintenance Center Calls Answered; Switch Outage Minutes; Usage Polling System Availability; Percent of Availability of the Mechanized Interface; and Percent of Average Service Requests Acknowledged Within 5 Seconds. Tr. at 175-76; 179.

²⁰ At the hearing on September 24, 1997, AT&T modified its pre-order measure to measure the time from when the Telco receives a pre-order request from the CLEC to the time the Telco responds. Tr. at 297-98. In contrast, MCI continued to advocate the pre-order measure, although it later conceded the measure would not be in place until its operational support systems were in place with the Telco. Tr. at 426; 429.

Unlike the comparability measures proposed by the parties, the Telco's comparability measures are practical, comply with the Act and will provide the Department with the necessary data to ensure nondiscriminatory service.

D. The Telco's Proposed Service Measurements Are Auditable

In order for service measures to be effective, the actual number of measures has to be reasonable. The Telco has proposed 20 service measurements. This amounts to 12 more than what the Department approved in Docket No. 95-03-01. Proposing 12 additional measures is a significant expansion of service quality measures. Tr. at 209.

Regulatory oversight will be more difficult to manage if there are a large number of standards. Allen PFT at 5. "In my experience with service results, when the measurements for process or outcome are too numerous they result in lack of focus and generally worse overall performance for all customers, retail and wholesale alike. This is an outcome the DPUC surely would want to avoid." Allen PFT at 9-10.

Mr. Page also testified as to the problems involved with having too many measures and the Telco's rationale for 20 measures:

"Back in the old days of the Bell System which none of us want to remember, we had 60 measurements, and nobody focused on service. We had tons and tons of measurements, and you can get distracted by that. I am serious when I say 20 is plenty."

In comparison to the Telco's proposed measures, AT&T and MCI have set forth proposed measurements based on the recommendations of the LCUG. The LCUG proposal comprises 60 measurements; some with internal measures. Tr. at 476. These measures result in an unmanageable number of data outputs:

A. (Page) If you take my eight million number yesterday, and I used that eight million number to say service results that we would look at 8 million service results a month, if indeed we took the 116 proposed measurements that we characterized in the attachment to our prefiled testimony, that was the sum total of all the CLEC proposals and negotiations and arbitrations that we dealt with in '96 and '97. We multiply that by 120 wire centers, that Dr. Collins proposes we measure by. Multiply that by the 20 services that are identified in the different parties documents, times the 30 CLECs that are operating in Connecticut, and you get a number of 8,352,000,000.

If you only use the 60 measurements proposed by the LCUG, you get five million service results. We are talking very big numbers and it is totally irrational in terms of operating a company.

Tr. at 476.

The Telco has proposed a set of service measurements that will monitor those services that directly impact service to the end user. The number of measures and the actual data compiled will provide the Department with the necessary and meaningful information necessary to ensure that SNET is providing high quality service to the CLECs.

II. THE TELCO'S PROPOSED FINANCIAL REMEDIES WILL INSTILL PROPER AND QUICK CORRECTIVE ACTION

Financial remedies should not be established for the sake of having remedies. Rather, remedies should encourage positive responsive actions. SNET's remedies proposal does just this.

The Company's remedies proposal was a proactive response to the needs of its customers. The financial remedies are premised on two criteria: to incent immediate

corrective action when a problem affects all CLECs; and to ensure that no one CLEC is being disadvantaged by receiving worse service than another. Tr. at 22.

They are based on the Company's goal to be the pre-eminent provider of wholesale services in Connecticut. Tr. at 218-219. "[T]his isn't a business of getting clipped. We are trying to actually get the business of the CLECs. We are a wholesaler. We want to get their business. If we have a problem with one of these service measurements, we are going to address that. We are going to fix the problem working with the CLEC." Tr. at 160-61. "The purpose [of the remedies] is to highlight a problem and fix the problem." *Id.* at 156.

The Company's commitment to providing high quality service to its customers is also evidenced by a comparison of its proposals to other jurisdictions. To date, the Company is the only ILEC nationwide to have proposed as detailed a set of service measures coupled with remedies. This may be due to the fact that neither the Act nor the FCC's First Report and Order required ILEC financial remedies. Tr. at 332. Interestingly, the FCC did not institute financial remedies in either the Bell Atlantic/NYNEX merger,²¹ nor the decision on Ameritech's §271 application.²² Indeed, when the FCC obligated AT&T to resell its long distance service, although AT&T was placed under a similar nondiscrimination requirement,²³ (see Tr. at 327-28; 351; 60 FCC

²¹ In the Application of NYNEX Corporation and Bell Atlantic Corporation for Consent to Transfer Control of NYNEX Corporation and its Subsidiaries, File No. NSD-L-96-10, (August 14, 1997).

²² CC Docket No. 97-137, Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services in Michigan, (August 19, 1997).

²³ In fact, AT&T's witness admitted that AT&T's obligation to provide nondiscriminatory treatment in long distance is just as important as the development of local competition. Tr. at 327-28.

2d 261; 62 FCC 2d 588; 83 FCC 2d 167), the FCC did not subject AT&T's performance to financial penalties.

The other parties to this proceeding object to the level of the Telco's proposed remedies, and recommend that the Department institute more punitive financial measures. As the Telco's witnesses testified at the hearings, however, exorbitant financial remedies will only deter the Telco from its continuing efforts to maintaining the network. As Mr. Allen testified:

One of the numerous problems in adopting such excessive standards is the cost SNET would incur to achieve them would quickly jeopardize its financial viability and its availability to be the pre-eminent network provider.

Tr. at 30.

The objective of the Telco is to not pay remedies, but to demonstrate excellent service to its customers. Tr. at 45. "For us to pay any remedy is meaningful, if you are a wholesaler." *Id.* at 161. The remedies proposal, therefore, takes into account the teamwork needed between Telco and the CLECs. In complete contrast, the penalties espoused by the parties are unrealistic in that they fail to account for the nature of the commercial relationship that will exist between themselves and the Telco. In reality, the Telco's financial remedies proposal exposes more of the Telco's revenue to risk than even the Decision in Docket No. 95-03-01.

[O]ur proposal here puts seven tenths of a percent on the table. Based on service. Seven tenths of a percent of between 400 and 500 million dollars worth of revenue, which is three million dollars a year is on the table. Compare that to the alt. reg. docket wherein 270 million dollars worth of revenue at point 55 percent would be at stake which is less than half of what we are putting at stake. We are doubling the stakes with this proposal.